

# McKee budget proposes additional \$25m in funding for South Quay project

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By [Brian Amaral](#) Globe Staff, Updated January 19, 2023, 1 hour ago



The South Quay project in East Providence is a proposed \$200 million marine terminal on a rectangular 33-acre site along the Providence River. COURTESY RHODE ISLAND WATERFRONT ENTERPRISES

PROVIDENCE — Governor Dan McKee's budget proposal includes an additional \$25 million for the South Quay marine terminal in East Providence, which would bring the state's overall investment to \$60 million in an infrastructure project that supporters say will boost jobs and the offshore wind industry.

South Quay — pronounced “key” — is a proposed \$200 million marine terminal on a 33-acre site along the Providence River. The term of art is a marshaling port, where wind turbine components come ashore by ship, are gathered and assembled, and then go back out by barge for installation on offshore wind turbine projects.

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The \$25 million more in funds for it in McKee's budget proposal, unveiled Thursday afternoon, would help pay for an additional phase of work at the site, where preparations are underway but no work is actually getting vertical yet. The money would pay for dredging for larger sea-going vessels, ship-to-shore water services for freshwater vessels calling on the port, the expansion of the area where components can be stored — called the upland laydown — to 18 acres, and the creation and improvement of wetlands to satisfy coastal regulators, the governor's office said. The money, if the General Assembly approved it, would come through the American Rescue Plan Act's State and Local Fiscal Recovery Funds.

The first round of funding, which McKee proposed and the General Assembly passed last year, was to fund a 525-foot berth for a single vessel, the initial 10 acres of laydown area, fendering and bollards, and land improvements around the site. That was for \$35 million.

“The terminal will provide a significant number of jobs for Rhode Island residents over the years, along with benefits to the state and region, as well as the environment, and improve freight-transport conditions and support the development of clean renewable energy,” McKee spokesman Matt Sheaff said in an email.

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The proposed project is on a filled site on the banks of the Providence River. It was once planned as a ship-to-rail terminal, but it was never fully developed and lay fallow for decades.

The development is a joint effort of the state, the city of East Providence, and RI Waterfront Enterprises. RI Waterfront Enterprises is a private company owned by the Mugar family and Don Law, a music promoter who leads Live Nation's New England market. The ownership group also includes general manager Melissa Martin. RI Waterfront Enterprises now owns the land, and has in recent years put on concerts at nearby Bold Point Park.

The terminal would have a similar management structure to ProvPort across the river, which is overseen by a nonprofit entity and managed by a terminal services company. In the case of South Quay, the property itself would continue to be owned by RI Waterfront Enterprises and leased to the nonprofit with a long-term ground lease, with options to be purchased by the

nonprofit. The state would own the infrastructure on top of it. RI Waterfront Enterprises would make its money from the ground lease.

Seth Grady, the chief operating officer for RI Waterfront Enterprises, said in an interview before McKee's budget proposal was released that as the development planning has progressed, the cost of building the South Quay port has become more clear, and higher than originally anticipated: It'll be around \$200 million all-in, including building new roadway access on what's currently a dirt road. That full amount includes two ship berths — the state's original funding was for the first one — and a roll-on/roll-off ramp, about 1,300 linear feet total.

The \$200 million would include state and private funds, although the amount of private funding hasn't been disclosed. In addition to the money directly from the state budget, Commerce RI has also committed \$15 million in Rebuild RI tax credits to the project. To get to the full \$200 million, the developer will try to seek federal grant funds.

The state funding, Grady said, doesn't build the whole project, but gets a good way there and helps leverage private and federal funding. It could also attract an offshore wind developer as a potential tenant, Grady said.

"It's accelerating the development of the project, and positioning Rhode Island as a leader in the offshore wind industry," Grady said.

The project could start construction later this year, and full completion in the second quarter of 2026. Supporters say they don't expect to go to the state for a third round of funding.

Though the state and the developer have emphasized the extra state funding is not due to cost overruns but instead is for an additional phase of the project, the [original estimated price tag](#) for the project were just half of the \$200 million figure a year ago.

The offshore wind industry in Rhode Island and around the country faces a bottleneck: not enough marshaling port space. Because of the size of wind turbines, developers need acreage to not only ship components out to the development sites, but also assemble the towers and their blades. If all goes according to plan, South Quay could be leased out by a developer with an offshore wind project in the works as a port to store, assemble, and ship the turbines and equipment.

The site needs to be raised several feet higher before it's used as a port. While construction hasn't started on the actual terminal itself, the [Providence River dredging](#) project that's currently underway is bringing materials, including plastic pollution, from the riverbed to the site to be used as fill.

East Providence Mayor Bob DaSilva — a top McKee ally — said in an interview that the city had advocated for more funding in the budget for the project, which will help Rhode Island in the race against other ports to attract this industry.

“We’re very happy the governor supports this,” DaSilva said. “We think it’s an incredible opportunity for the entire state, East Providence especially.”